

# NEW APPLICATION



0000010305

## COMMISSIONERS

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Arizona Corporation Commission

DOCKETED

OCT 05 2004

MARC SPITZER, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON  
KRISTIN K. MAYES

2004 OCT -5 P 3:28

AZ CORP COMMISSION  
DOCUMENT CONTROL

DOCKETED BY

*CMC*

## BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY, AN  
ARIZONA CORPORATION, TO EXTEND  
ITS EXISTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY AT  
ORACLE, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-04-

W-01445A-04-0729

APPLICATION TO EXTEND  
EXISTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO  
INCLUDE ADDITIONAL TERRITORY

ARIZONA WATER COMPANY, an Arizona corporation, ("AWC") through its undersigned counsel, presents the following Application to extend its existing certificate of convenience and necessity for its Oracle system. This Application is based on the following:

1. AWC presently holds certificates of convenience and necessity issued to it by this Commission in various decisions beginning in 1961 for the purpose of providing water service in the unincorporated community of Oracle and the surrounding area in Pinal County.

2. The areas that AWC seeks to add to its certificated area are described in Exhibit #1 hereto. Much of the area surrounding the areas described in Exhibit #1 is already certificated to and served by AWC. Fidelity National Title Agency, Inc., as Trustee under Trust No. 10,869, the owner of the property known as Rancho Coronado described in Exhibit #1, has requested AWC to provide water service to its property and apply to the Commission for authority to include its property within AWC's certificated area. A copy of a letter from Fidelity is attached as Exhibit #2 hereto. In addition, AWC presently owns and operates water system facilities in

ORIGINAL

1 Section 35 identified on Exhibit #3 hereto that are used to serve customers in the area, and will  
2 be used to provide service to future customers.

3 3. AWC estimates that the total number of customers that may be served in the areas  
4 described in Exhibit #1 will be approximately 75 within five years following the date of the  
5 filing of this Application.

6 4. A map showing the adjacent portion of AWC's present certificated area and the  
7 territory to be added by this Application is attached as Exhibit #3 hereto.

8 5. A list of the owners of all of the property described in Exhibit #1 is attached as  
9 Exhibit #4 hereto. Each property owner will be mailed the public notice attached as Exhibit #5  
10 hereto.

11 6. AWC is financially able to construct, operate, and maintain the facilities necessary  
12 to provide service to the areas described in Exhibit #1. A current financial statement for AWC is  
13 attached as Exhibit #6 hereto.

14 7. AWC has a Pinal County franchise for the area for which it is proposing to extend  
15 its certificate of convenience and necessity. A copy of the franchise is attached as Exhibit #7  
16 hereto.

17 8. AWC's by-laws do not require a corporate resolution on behalf of AWC in  
18 conjunction with this Application.

19 9. Public convenience and necessity will be served by having AWC extend its  
20 certificate of convenience and necessity to include the areas described in Exhibit #1.

21 10. AWC proposes to utilize its currently authorized rates and charges for its Oracle  
22 system for service to the areas described in Exhibit #1. AWC will continue to charge these rates  
23 until the Commission changes the rates.

1 WHEREFORE, AWC respectfully requests that the Commission hold a hearing on this  
2 Application, and enter an order, or, in the alternative, that it enter an order without the necessity  
3 of a hearing, which order shall provide for the following:

4 1. Issuing to AWC a certificate of convenience and necessity for the areas described in  
5 Exhibit #1 hereto.

6 2. Granting such other further and general relief as appropriate in the premises.

7  
8 RESPECTFULLY SUBMITTED this 5th day of October, 2004.

9 ARIZONA WATER COMPANY

10  
11 By: Robert W. Geake  
12 Robert W. Geake  
13 Vice President and General Counsel  
14 ARIZONA WATER COMPANY  
Post Office Box 29006  
Phoenix, Arizona 85038-9006

15 Original and thirteen (13) copies of the foregoing filed the 5th day of October, 2004  
16 with:

17 Docket Control Division  
18 Arizona Corporation Commission  
1200 West Washington Street  
19 Phoenix, Arizona 85007

20 A copy of the foregoing was mailed this 5th day of October, 2004 to:

21 Christopher Kempley, Chief Counsel  
22 Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
23 Phoenix, Arizona 85007

24 Ernest G. Johnson  
25 Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
26 Phoenix, Arizona 85007

27 By: Robert W. Geake  
28

# **EXHIBIT "1"**

## **Legal Description**

The North half of Section 3, the North half of Section 4 in Township 10 South, Range 15 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; and

All of Section 2, Township 10 South, Range 15 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, EXCEPT the West 2,310 of the North half of the Northwest quarter of said Section 2.

Exhibit "2"

Mike Whitehead  
Vice President, Engineering  
Arizona Water Company  
PO Box 29006  
Phoenix, AZ 85038-9006

RE: Extension of CC&N for Rancho Coronado Area 2, Oracle, Arizona

Dear Mr. Whitehead:

Fidelity National Title Agency, Inc., as Trustee under Trust No. 10,869, requests that Arizona Water Company file an application for approval to extend its Certificate of Convenience and Necessity in or near Oracle, Pinal County, Arizona with the Arizona Corporation Commission to include an overall area of 730.61 acres, which is more accurately described in Attachment 'A' and depicted on the map as Attachment 'B', both attached hereto. Please notify us when you have been issued a Procedural Order on this extension.

Dated: August 4, 2004.

Sincerely,

Fidelity National Title Agency, Inc.,  
as Trustee under Trust No. 10,869

By: Martha L. Hill  
Title: TRUST OFFICER

Approved:

W. Maurice A. Bunt  
Spokesperson for Trust 10,869

## **ATTACHMENT "A"**

### **PARCEL NO. 1:**

Lot 1 of the Northwest quarter of the Northeast quarter and the South half of the Northeast quarter and the Northwest quarter and the South half of Section 2, Township 10 South, Range 15 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT the North one-half of the Northwest quarter of said Section 2, except the East 330 feet thereof.

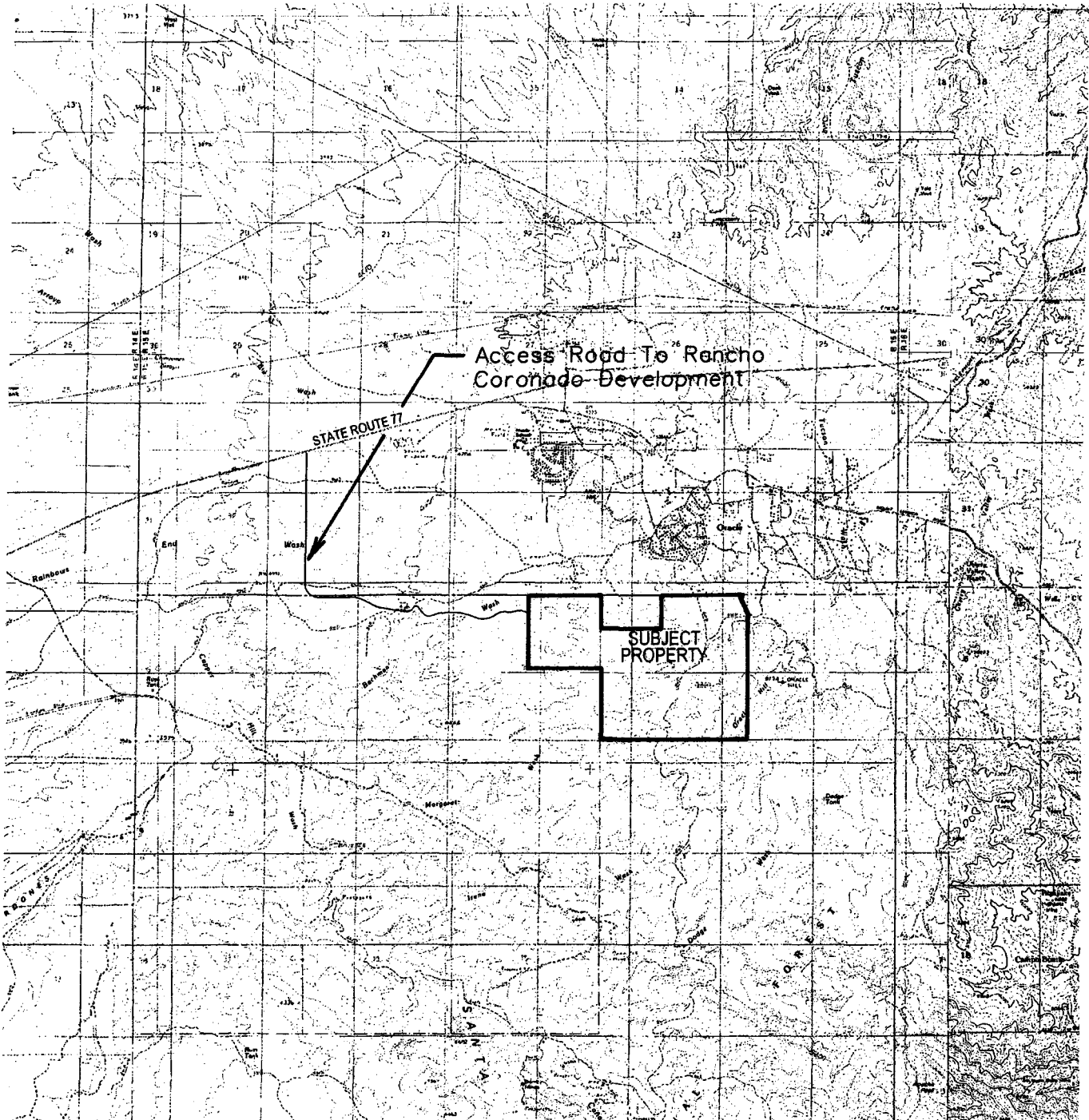
### **PARCEL NO. 2:**

The Northeast quarter of Section 3, Township 10 south, Range 15 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

# RANCHO CORONADO

AREA TWO  
PINAL COUNTY, ARIZONA

## Project Vicinity Map



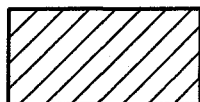
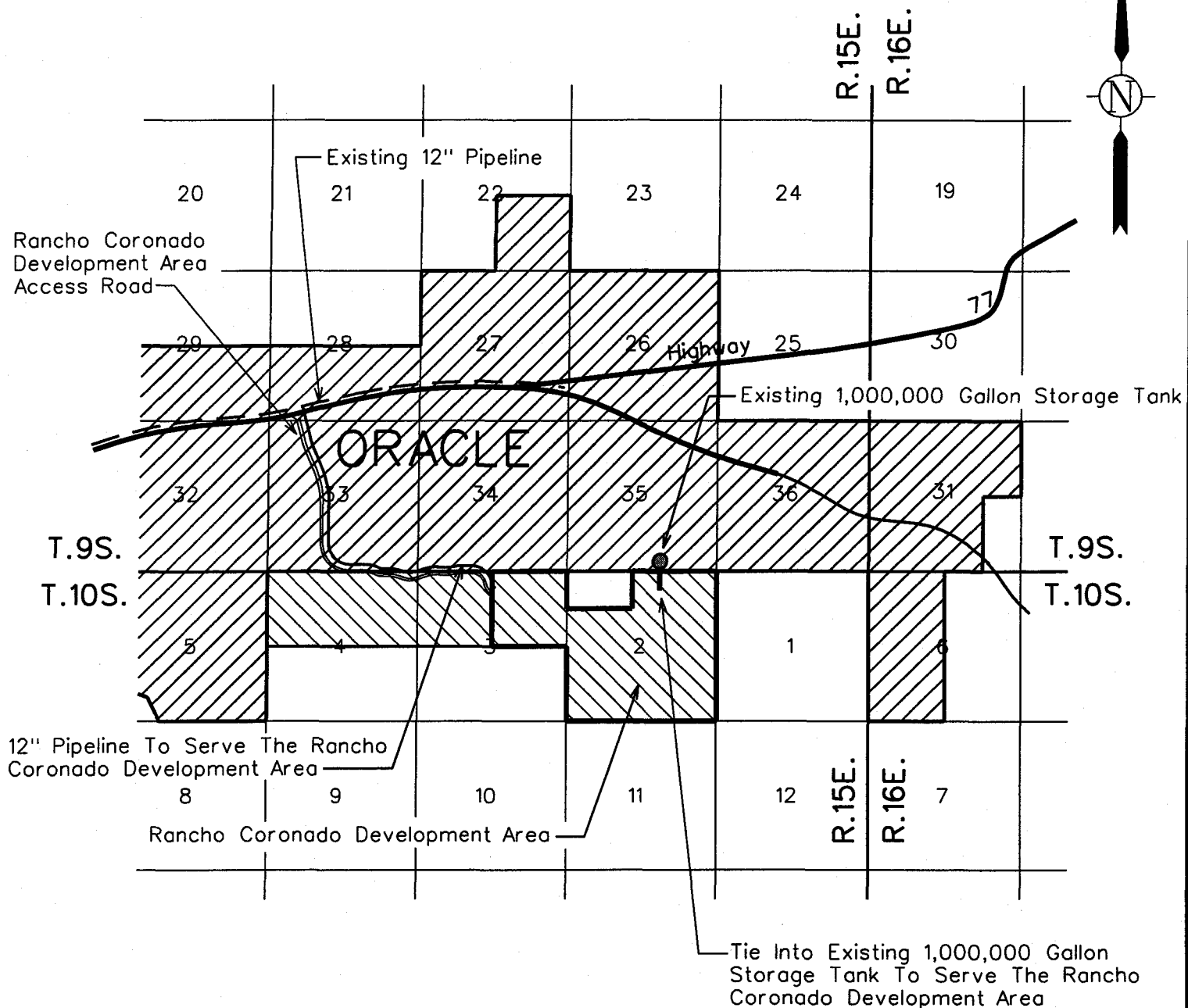
The WLB Group **WLB**



0 1

MILES

# EXHIBIT "3"



PRESENT ARIZONA WATER  
COMPANY CC&N



CC&N THIS APPLICATION

## ARIZONA WATER COMPANY

### DESCRIPTION:

Application For CC&N To Include Portions Of Sections 2, 3 And  
4 Of Township 10 South, Range 15 East, G.S.R.B.&M.

### LOCATION:

ORACLE, ARIZONA

### DATE:

08.24.2004

### SCALE:

1"=1 Mile

### DRAWN BY:

CB



## **EXHIBIT "4"**

### **Property Ownership**

305-37-001d

305-37-001E

305-38-001A

305-38-001b

Fidelity National Title Agency, Inc.

Trust 10863

9422 South Morywood Circle

South Jordan, Utah 84095

305-35

305-38

Arizona State Land

1616 West Adams Street

Phoenix, Arizona 85007

EXHIBIT "5"

**ARIZONA WATER COMPANY**

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006  
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

[Date]

«PropertyOwner»

«Address1»

«Address2»

«City» «State» «PostalCode»

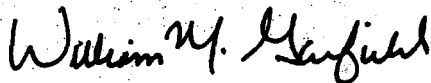
PINAL COUNTY ASSESSOR'S PARCEL NO.: «ParcelNumber»

**PUBLIC NOTICE OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND  
NECESSITY BY ARIZONA WATER COMPANY**

Arizona Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to provide water utility service to an area in which records indicate that you are a property owner. If the application is granted, Arizona Water Company would be the provider of water utility service to the proposed area. The Commission will require Arizona Water Company to provide this service under rates and charges and terms and conditions established by the Commission. The application is available for inspection during regular business hours at the offices of the Commission at 1200 West Washington Street, Phoenix, Arizona, and at Arizona Water Company, 460 Avenue A, San Manuel, Arizona 85631.

The Commission may hold a hearing on this matter. As a property owner you may have the right to intervene in the proceeding or you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless you request it.

If you have questions or concerns about this application, have any objection to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Arizona Corporation Commission at 1200 West Washington St., Phoenix, Arizona 85007 or call 1-800-222-7000.



William M. Garfield  
President

E-MAIL: [mail@azwater.com](mailto:mail@azwater.com)

# Exhibit "6"

## ARIZONA WATER COMPANY Comparative Balance Sheet at June 30, 2004

### ASSETS

	June 30, 2004	June 30, 2003	Increase (Decrease)
<b>UTILITY PLANT</b>			
Gross Utility Plant	\$ 214,581,774	\$ 202,600,704	\$ 11,981,070
Less Accumulated Depreciation	54,268,821	49,830,741	4,438,080
Net Utility Plant	160,312,953	152,769,963	7,542,990
<b>CURRENT ASSETS</b>			
Cash on Hand and in Banks	2,118,926	979,356	1,139,570
Investments and Special Deposits	2,703	2,703	0
Accounts Receivable	2,664,871	2,802,482	(137,611)
Materials and Supplies	249,908	263,238	(13,330)
Other	628,334	471,292	157,042
Total Current Assets	5,664,742	4,519,071	1,145,671
<b>DEFERRED DEBITS</b>			
	5,831,220	6,033,246	(202,026)
<b>TOTAL</b>	<b>\$ 171,808,915</b>	<b>\$ 163,322,280</b>	<b>\$ 8,486,635</b>

### LIABILITIES

<b>CAPITALIZATION</b>			
Common Stock	\$ 2,700,000	\$ 2,700,000	\$ 0
Capital Surplus	8,970,647	3,180,647	5,790,000
Retained Earnings	49,597,083	47,625,814	1,971,269
Common Stock Equity	61,267,730	53,506,461	7,761,269
Long-Term Debt	22,200,000	22,600,000	(400,000)
Total Capitalization	83,467,730	76,106,461	7,361,269
<b>CURRENT LIABILITIES</b>			
Notes Payable	0	7,670,000	(7,670,000)
Accounts Payable	2,468,719	2,314,174	154,545
Accrued Expenses	2,585,558	1,987,430	598,128
Other	524,173	457,262	66,911
Total Current Liabilities	5,578,450	12,428,866	(6,850,416)
<b>DEFERRED CREDITS</b>			
Advances for Construction	38,918,330	35,959,577	2,958,753
Contributions in Aid of Construction	22,162,033	20,913,768	1,248,265
Deferred Income Tax	15,360,433	13,382,839	1,977,594
Other	6,321,939	4,530,769	1,791,170
Total Deferred Credits	82,762,735	74,786,953	7,975,782
<b>TOTAL</b>	<b>\$ 171,808,915</b>	<b>\$ 163,322,280</b>	<b>\$ 8,486,635</b>

TOTAL

JUNE 2004

**ARIZONA WATER COMPANY**  
Comparative Statement of Income  
June 30, 2004

	12 MONTHS TO DATE		JUNE		\$ Months to Date	
	2004	2003	2004	2003	2004	2003
<b>OPERATING REVENUE</b>	\$ 38,551,663	\$ 36,917,038	\$ 3,915,476	\$ 3,694,086	\$ 18,242,158	\$ 17,235,799
<b>OPERATING EXPENSES</b>						
Operation and Maintenance	18,252,268	17,394,613	1,623,231	1,530,816	9,093,255	8,612,974
Depreciation	4,602,144	4,367,590	398,622	379,139	2,415,398	2,284,333
Taxes Other Than Income Taxes	5,520,168	5,310,667	516,284	494,343	2,734,765	2,617,865
Income Taxes	3,053,509	2,595,143	504,541	453,843	1,314,558	1,006,065
Total Operating Expenses	31,428,089	29,668,013	3,042,658	2,858,141	15,557,976	14,521,237
<b>OPERATING INCOME</b>	7,123,574	7,249,025	872,818	835,945	2,684,182	2,714,562
<b>OTHER (INCOME) AND DEDUCTIONS</b>						
Other (Income) - Net	(185,054)	(295,707)	(18,253)	(32,800)	(178,374)	(135,269)
Interest on Long-Term Debt	1,867,883	1,904,883	155,400	158,483	932,400	950,900
Other Interest and Amortization	(48,624)	(88,659)	(7,419)	13,552	(46,399)	(27,875)
Total Other (Income) and Deductions	1,634,205	1,520,517	129,728	139,235	707,627	787,756
<b>NET INCOME</b>	5,489,369	5,728,508	\$ 743,090	\$ 696,710	\$ 1,976,555	\$ 1,926,806
Regular Common Dividends	3,518,100	3,086,100				
<b>INCOME RETAINED</b>	\$ 1,971,269	\$ 2,642,408				
Active Services	71,262	68,339				

JUNE 2004

1268-263

FRANCHISE

BE IT RESOLVED by the Board of Supervisors, County of Pinal, State of Arizona:

THAT WHEREAS, Arizona Water Company, an Arizona corporation, has duly filed and presented its application that it be granted the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all purposes in the County of Pinal, State of Arizona, for a period of twenty-five (25) years; and

WHEREAS, upon the filing of said application, the Board of Supervisors ordered that public notice of the intention of said Board to make such grant be given by publishing a notice in the Florence Reminder & Blade-Tribune, a newspaper of general circulation published in the City of Casa Grande, County of Pinal, State of Arizona, stating that at 10:00 o'clock A.M., on the 4th day of February, 1985, at the Courthouse in the City of Florence, County of Pinal, State of Arizona, was set for the time and place for the consideration of the granting of said right, privilege, and franchise; and

WHEREAS, said application coming on regularly for hearing on the 4th day of February, 1985, and it appearing by the affidavit of Florence Reminder of said newspaper that due and legal notice of said time and place set for the consideration of such action has been published for at least once a week for three weeks prior to the date set for said hearing;

NOW, THEREFORE,

SECTION 1. There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called "Grantee"), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all

purposes in the County of Pinal, State of Arizona. Grantee's Application for Franchise is made a part hereof by reference thereto.

SECTION 2. All facilities to be constructed pursuant to this franchise shall be constructed and maintained in accordance with established practices with respect to such streets, avenues, alleys, highways, bridges and public places of the County of Pinal. Prior to such construction, a map showing the location of such facilities shall be submitted to such persons as may be designated by said Board of Supervisors.

SECTION 3. In the event that any lines or related facilities installed or constructed pursuant to this franchise shall at any time be found to interfere unduly with vehicular and pedestrian traffic over such streets, avenues, alleys, highways, bridges, public roads and other public places the Grantee hereby agrees that it will, at its own expense, and within a reasonable time after notice thereof by said Board of Supervisors, remove or relocate said lines, or related facilities so as to minimize said interference. In all other instances the costs incurred in relocating any lines or facilities shall be borne by and added to the cost of the public or private improvement causing or resulting in such relocation.

SECTION 4. In the event that said Board of Supervisors, acting on behalf of the County of Pinal, takes action to dispose of unnecessary public roadways in accordance with the provisions of Arizona Revised Statutes §28-1901, et seq., said Board of Supervisors agrees to recognize and preserve each of the Grantee's prior rights of way or easements and rights under this franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of accomplishing such disposition.

SECTION 5. In case of any disturbance of pavement, sidewalk, driveway or other surfacing, planting or ground cover resulting from Grantee's action pursuant to this franchise, Grantee shall, in a manner entirely satisfactory to said Board of Supervisors and the department having appropriate jurisdiction, replace and restore the paving, sidewalk, driveway, surfacing, planting or ground cover of any street, alley or other public way or place so disturbed in as good condition as it was prior to said disturbance. All such work shall be completed with due diligence.

Further, to avoid duplication of effort and untimely destruction of the street, the Grantee shall coordinate its construction and replacement

1268-265

plans pursuant to this franchise with said department having appropriate jurisdiction.

SECTION 6. The Grantee shall save the County of Pinal harmless from expenses, claims and liability arising by reason of the exercise of this franchise by Grantee.

SECTION 7. The right, privilege and franchise hereby granted shall continue and exist for a period of twenty-five (25) years from the effective date hereof, and upon approval by said Board of Supervisors and acceptance by the Grantee, this franchise shall be deemed effective as of the date of approval of this Application.

SECTION 8. The right, privilege and franchise hereby granted shall inure to the benefit of, and be binding upon the Grantee, its successors and assigns.

SECTION 9. All resolutions and parts of resolutions in conflict with the provisions hereof are hereby repealed to the extent applicable to a franchised public service corporation.

SECTION 10. If any section, paragraph, subdivision, clause, phrase or provision of this resolution shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this resolution as a whole or any part of the provisions hereof other than the part so adjudged to be invalid and unconstitutional.

SECTION 11. Upon the expiration of this franchise, if the Grantee shall not have acquired an extension or renewal thereof and accepted the same, it may continue operating its facilities and system within the County of Pinal until a new franchise can be effected with the County of Pinal.

Upon motion by Supervisor Mathieson,

seconded by Supervisor Weatherly,

the foregoing Resolution granting a Franchise to Arizona Water Company in the County of Pinal, State of Arizona, was duly passed and adopted by the Board of Supervisors, County of Pinal, State of Arizona, at a regular session of said Board held on the 4th day of February, 1985.



1268-266

PINAL COUNTY BOARD OF SUPERVISORS

By John J. Karam  
Chairman

ATTEST:

Charles A. Guinn  
Clerk of Board of Supervisors